

# **State of Alaska FY2008 Governor's Operating Budget**

## **Department of Law Collections and Support Component Budget Summary**

## Component: Collections and Support

### Contribution to Department's Mission

The Collections and Support section provides advice and representation to the Child Support Services Division of the Department of Revenue to assist it in the performance of its functions. The section is also responsible for collecting judgments owed to the State of Alaska and on behalf of victims of crimes and delinquent acts.

### Core Services

The Collections and Support section consists of two units: the collections unit and the child support unit. The collections unit collects unsecured debts owed to the state. The majority of these debts are criminal judgments (fines, judgments for the cost of appointed counsel, judgments for the cost of incarceration on DWI charges, and court and collection costs in minor offense cases). The collections unit also collects civil judgments, including attorney fee awards, on behalf of the state and civil penalties issued by agencies such as the Alaska Public Offices Commission (APOC). Effective January 1, 2002, the collections unit expanded its work to include the collection of restitution on behalf of victims in criminal and juvenile delinquency proceedings.

The child support unit represents the Child Support Services Division (CSSD) in court, including paternity establishment and disestablishment proceedings, establishment and modification of child support orders, employer non-compliance actions, criminal non-support prosecutions, licensing appeals, and miscellaneous other activities related to enforcement of child support orders. In addition, the unit provides legal support in matters relating to administrative child support enforcement actions, drafts legislation and regulations, and provides general legal advice to CSSD.

### FY2008 Resources Allocated to Achieve Results

**FY2008 Component Budget: \$2,662,700**

**Personnel:**

|              |           |
|--------------|-----------|
| Full time    | 22        |
| Part time    | 1         |
| <b>Total</b> | <b>23</b> |

### Key Component Challenges

The primary challenge for the child support unit will be to accommodate a growing number of requests from the Child Support Services Division (CSSD) for assistance in more complex enforcement actions and a growing caseload of time consuming support modification requests. Over the past couple of years, CSSD has shifted its focus from establishing paternity and support orders to enforcement of support orders. CSSD is placing more emphasis on enforcement action, including the use of civil contempt, attachment of assets, fraudulent transfer actions, seek work orders, native dividend and Permanent Fund Dividend (PFD) orders, and criminal non-support. At the same time, actions to modify child support orders have become more time consuming and difficult, with an increase in the number of shared, divided or hybrid custody cases as well as self-employed or voluntarily underemployed parents. These actions are requiring more resources. To meet this increased demand, CSSD restored funding for the section's eighth attorney position that has been vacant for several years.

Other challenges for the child support unit will include tribal issues. Last year, the Alaska Supreme Court ruled in *John v. Baker*. In this case, the section defended the state's position that the Northway Tribal Court does not have jurisdiction to issue child support orders. The Alaska Supreme Court decided the case on other grounds and did not resolve the issue of the tribal court's jurisdiction to issue a child support order. Meanwhile, several native corporations in Alaska have indicated an intent or applied for federal funding to start a tribal child support program. In addition, tribes located in other states have begun issuing child support orders and the unit is addressing recognition and enforcement issues concerning these support orders.

The support unit will continue to assist CSSD in updating its regulations to comply with state and federal law as well as current cases decided by the Alaska Supreme Court. The support unit will also continue to assist CSSD in modifying its procedures due to changes to the federal bankruptcy laws.

For the collections unit, the primary challenge will be to implement a new database to efficiently increase money collected for the state and victims of crimes as well as expand the types of judgments the unit can collect. The collections unit needs a new database for several reasons. Currently, the unit is unable to collect certain criminal surcharges due to limited staff and the limited database. In addition to collecting other types of judgments, the new database will expand the restitution collection work. Since January 2002 when the unit began collecting restitution, the unit has developed and, over time, improved a streamlined system for processing restitution judgments and collecting and disbursing restitution on behalf of victims. To date, because of limited personnel and the time spent developing the program and training staff, the unit's work has been limited primarily to processing judgments, handling voluntary payments, and attaching permanent fund dividends. The unit now needs to move forward with more aggressive collection action, particularly in cases where the defendant's failure to pay is particularly egregious. Such actions would include seizing bank accounts, recording judgments, and garnishing wages. Among other things, the unit is working on an agreement with Department of Labor and Workforce Development to match restitution defendants against labor records in order to identify employers and facilitate wage garnishment for restitution.

The FY2006 capital budget included a request for \$250,000 to fund this request, which the legislature appropriated. This past year, the unit selected a vendor and soon will begin the process of customizing a new database program to streamline and expand the current database and manual processes.

## **Significant Changes in Results to be Delivered in FY2008**

Increase the types of judgments, fines and costs collected on behalf of the State of Alaska. The goal is to implement the new collections database by summer 2007 and begin collecting other judgments, fines and costs, specifically the Correctional Facility Surcharge and Police Training Surcharge, owed to the State of Alaska that are not currently collected by the unit due to the limited database and limited staff.

Increase by 5% the amount of restitution collected for victims of crimes. The goal is to implement the new collections database by summer 2007, allowing for more efficient processing of restitution cases and time to utilize civil enforcement remedies to collect restitution owed to victims.

Decreasing the time for processing child support modification files. The goal for FY2008 will be to assure that action is taken in 90% of child support modification files within 30 days of receipt of the file from the Child Support Services Division.

Increasing the use of civil and criminal enforcement actions in child support cases. The goal for FY2008 is to increase the number of criminal non-support prosecutions by 10% and the number of cases accepted for civil enforcement action

by 5%. The unit will continue assisting CSSD's Special Collections Unit with enforcement actions against obligors with significant child support arrears.

Assisting CSSD with proposed changes to federal law on medical support.

## Major Component Accomplishments in 2006

The collections unit of the Collections and Support Section collected over \$4.6 million in FY2006, a slight decrease from FY2005. These collections included criminal fines, cost of appointed counsel, cost of imprisonment, civil judgments owed to the State of Alaska, and victim restitution. Of this amount, the unit collected and disbursed to victims over \$1.5 million in restitution.

The section resolved and closed over 1,700 child support files in FY2006, more than 200 files than FY2005. These files included paternity establishment and disestablishment cases, appeals, bankruptcies, motions for the establishment and modification of child support orders, license suspensions, employer noncompliance claims, and miscellaneous enforcement actions and claims against the State of Alaska. The section completed more than 800 modifications of Alaska child support orders through court proceedings, thus assuring that these support orders comply with the child support guidelines set forth in Alaska Civil Rule 90.3. The section experienced a significant decrease in paternity establishment and bankruptcy cases. Conversely, the section experienced an explosion of enforcement actions. CSSD referrals for enforcement action more than tripled from FY2005.

At the appeal level, the section was involved in nine decisions issued by the Alaska Supreme Court in FY2006.

## Statutory and Regulatory Authority

AS 25.27.050, AS 44.23.020

### Contact Information

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### Collections and Support Component Financial Summary

*All dollars shown in thousands*

|                                    | FY2006 Actuals | FY2007<br>Management Plan | FY2008 Governor |
|------------------------------------|----------------|---------------------------|-----------------|
| <b>Non-Formula Program:</b>        |                |                           |                 |
| <b>Component Expenditures:</b>     |                |                           |                 |
| 71000 Personal Services            | 1,631.0        | 1,742.4                   | 1,991.7         |
| 72000 Travel                       | 4.0            | 20.7                      | 20.7            |
| 73000 Services                     | 344.3          | 464.8                     | 607.8           |
| 74000 Commodities                  | 27.1           | 36.0                      | 36.0            |
| 75000 Capital Outlay               | 12.2           | 6.5                       | 6.5             |
| 77000 Grants, Benefits             | 0.0            | 0.0                       | 0.0             |
| 78000 Miscellaneous                | 0.0            | 0.0                       | 0.0             |
| <b>Expenditure Totals</b>          | <b>2,018.6</b> | <b>2,270.4</b>            | <b>2,662.7</b>  |
| <b>Funding Sources:</b>            |                |                           |                 |
| 1004 General Fund Receipts         | 156.8          | 287.4                     | 496.2           |
| 1005 General Fund/Program Receipts | 332.4          | 348.4                     | 530.6           |
| 1007 Inter-Agency Receipts         | 1,529.4        | 1,634.6                   | 1,635.9         |
| <b>Funding Totals</b>              | <b>2,018.6</b> | <b>2,270.4</b>            | <b>2,662.7</b>  |

### Estimated Revenue Collections

| Description                     | Master<br>Revenue<br>Account | FY2006<br>Actuals | FY2007<br>Management<br>Plan | FY2008<br>Governor |
|---------------------------------|------------------------------|-------------------|------------------------------|--------------------|
| <b>Unrestricted Revenues</b>    |                              |                   |                              |                    |
| None.                           |                              | 0.0               | 0.0                          | 0.0                |
| <b>Unrestricted Total</b>       |                              | <b>0.0</b>        | <b>0.0</b>                   | <b>0.0</b>         |
| <b>Restricted Revenues</b>      |                              |                   |                              |                    |
| Interagency Receipts            | 51015                        | 1,529.4           | 1,634.6                      | 1,635.9            |
| General Fund Program Receipts   | 51060                        | 332.4             | 348.4                        | 530.6              |
| <b>Restricted Total</b>         |                              | <b>1,861.8</b>    | <b>1,983.0</b>               | <b>2,166.5</b>     |
| <b>Total Estimated Revenues</b> |                              | <b>1,861.8</b>    | <b>1,983.0</b>               | <b>2,166.5</b>     |

**Summary of Component Budget Changes  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

|  | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| <b>FY2007 Management Plan</b>                                    | <b>635.8</b>         | <b>0.0</b>           | <b>1,634.6</b>     | <b>2,270.4</b>     |
| <b>Adjustments which will continue current level of service:</b> |                      |                      |                    |                    |
| -FY 08 Health Insurance Increases for Exempt Employees           | 0.6                  | 0.0                  | 1.3                | 1.9                |
| -Fund Source Adjustment for Retirement Systems Increases         | 178.6                | 0.0                  | -178.6             | 0.0                |
| <b>Proposed budget increases:</b>                                |                      |                      |                    |                    |
| -New Lease Space   | 143.0                | 0.0                  | 0.0                | 143.0              |
| -FY 08 Retirement Systems Rate Increases                         | 68.8                 | 0.0                  | 178.6              | 247.4              |
| <b>FY2008 Governor</b>   | <b>1,026.8</b>       | <b>0.0</b>           | <b>1,635.9</b>     | <b>2,662.7</b>     |

### Collections and Support Personal Services Information

| Authorized Positions |   |                                  | Personal Services Costs          |                  |
|----------------------|---|----------------------------------|----------------------------------|------------------|
|                      | <u>FY2007</u><br><u>Management</u><br><u>Plan</u> | <u>FY2008</u><br><u>Governor</u> |                                  |                  |
| Full-time            | 21  | 22                               | Annual Salaries                  | 1,200,369        |
| Part-time            | 1   | 1                                | Premium Pay                      | 0                |
| Nonpermanent         | 0   | 0                                | Annual Benefits                  | 893,649          |
|                      |   |                                  | <i>Less 4.89% Vacancy Factor</i> | (102,318)        |
|                      |   |                                  | Lump Sum Premium Pay             | 0                |
| <b>Totals</b>        | <b>22</b>   | <b>23</b>                        | <b>Total Personal Services</b>   | <b>1,991,700</b> |

### Position Classification Summary

| Job Class Title          | Anchorage | Fairbanks | Juneau   | Others   | Total     |
|--------------------------|-----------|-----------|----------|----------|-----------|
| Administrative Clerk II  | 1         | 0         | 0        | 0        | 1         |
| Administrative Clerk III | 4         | 0         | 0        | 0        | 4         |
| Assoc Attorney I         | 2         | 0         | 0        | 0        | 2         |
| Assoc Attorney II        | 1         | 0         | 0        | 0        | 1         |
| Attorney III             | 3         | 0         | 0        | 0        | 3         |
| Attorney IV              | 2         | 1         | 0        | 0        | 3         |
| Attorney V               | 1         | 0         | 0        | 0        | 1         |
| Attorney VI              | 1         | 0         | 0        | 0        | 1         |
| Law Office Assistant I   | 2         | 0         | 0        | 0        | 2         |
| Law Office Assistant II  | 1         | 0         | 0        | 0        | 1         |
| Paralegal I              | 1         | 0         | 0        | 0        | 1         |
| Paralegal II             | 2         | 1         | 0        | 0        | 3         |
| <b>Totals</b>            | <b>21</b> | <b>2</b>  | <b>0</b> | <b>0</b> | <b>23</b> |